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Cayman Islands

Working paper prepared by the Secretariat

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I. General

1. The Territory of the Cayman Islands[1] is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac (some 90 miles to the north-east) (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles). In the last census, conducted in 1989, the total population was recorded as 25,355, the majority of whom lived on Grand Cayman, with some 1,500 on Cayman Brac and some 30 on Little Cayman. The 1997 population estimate was 36,600, an increase of about 5 per cent over 1996.

2. Just over half of the residents (13,202, or 52 per cent) reported in the 1989 census that they had been born in the Cayman Islands. The second most common country of birth was Jamaica, accounting for 4,829 residents. Overall, the cosmopolitan nature of the population is well illustrated by the fact that some 120 different countries of birth outside the Cayman Islands were recorded in that census. Currently, native-born Caymanians are estimated to comprise 58 per cent of the population.

II. Constitutional and political developments

3. According to information provided by the administering Power, the present Constitution came into effect on 22 August 1972, and provides for the Government of the Cayman Islands as a colony under the sovereignty of the United Kingdom of Great Britain and Northern Ireland.[2] A motion was passed by the island's legislature in 1990 to review the Constitution. The amendments proposed as a result of the review came into effect in 1994. They included the adoption of a ministerial system of government and the addition of a fifth elected member to the Executive Council. In 1992, elected membership in the Legislative Assembly was increased from 12 to 15. This change was also in line with the results of the constitutional review. Elections for the Legislative Assembly were held on 17 May 1999.

4. In brief, under the revised Constitution of 1994, the Governor, who is appointed by the British monarch, is responsible for external affairs, defence, internal security and public service. The Governor is the Chairman of the Executive Council, which comprises three members appointed by the Governor and five members elected by the Legislative Assembly. Constitutionally, the Executive Council is responsible for the administration of government. The Legislative Assembly comprises 3 official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker has been elected to preside over the Assembly.

5. The judicial system is based on British common law, certain British statutes and local statute law. The administering Power states that the independence of the judiciary is an integral component of the economic, social and political stability in the Cayman Islands. There are three levels of courts in the Cayman Islands: the Summary Court, the Grand Court and the Cayman Islands Court of Appeal. Appeals from the Summary Court are heard by the Grand Court and appeals against Grand Court decisions go before the Cayman Islands Court of Appeal. The final right of appeal from a Grand Court decision is to the Privy Council in London, which does not deliver a decision , but advises the Secretary of State about the merits or otherwise of individual appeals. Unlike many other British Territories, lawyers in the Cayman Islands may both interview clients and appear on their behalf before the Grand Court (attorneys practice as both solicitor and barrister).

6. During the period under review, the administering Power proposed to modernize its relationship with its Overseas Territories. The proposal was presented to Parliament in March 1999 in a White Paper entitled "Partnership for progress and prosperity: Britain and the Overseas Territories". The White Paper is set out in the annex to document A/AC.109/1999/1. It is summarized in section IV below.

7. Key developments in the Territory during 1997 included:

(a) The opening of the Cayman Islands Stock Exchange in January;

(b) The beginning of operations of the Cayman Islands Monetary Authority as the agency responsible for supervising and regulating the Territory's financial sector;

(c) Hosting of the Government's first international conference on commercial crime prevention. Over 150 delegates from the Territory and from overseas, including Michael Foot, Executive Director for Financial Stability at the Bank of England, participated;

(d) The launching in October of the Schools' Inspectorate, an independent body funded by the Ministry of Education to monitor and improve the quality of education on all three islands;

(e) The appointment of the first woman to a ministerial post, when Julianna O'Connor-Connolly was

named Minister for Community Affairs, Sports, Women, Youth and Culture.

III. Economic conditions

A. General

8. According to the administering Power, the economy of the Cayman Islands grew by 5.5 per cent in 1997 to reach CI$ 568.8 million (at 1986 constant prices).[3] The consumer price index was 2.7 per cent.

9. Regarding public finance, total government revenue for 1997 was CI$ 243 million, which included recurrent revenue of CI$ 217.7 million and loan income of CI$ 25.4 million. Government expenditure in the same period was CI$ 246.2 million, including CI$ 1 million transferred to the general reserve. The deficit for the year was CI$ 3.1 million. There was, however, a surplus of CI$ 5.8 million brought forward from 1996, creating an overall budgetary surplus of CI$ 2.7 million at the end of 1997. The general reserve balance at that time was CI$ 8.9 million.

10. According to press reports, in early 1999 lawmakers passed a budget of recurrent and statutory expenditure of CI$ 263 million, and recurrent revenue of CI$ 283.2 million. New borrowing is expected to total CI$ 26.0 million; capital acquisitions were budgeted at CI$ 9.2 million and capital expenditure at CI$ 42.5 million. Taking into account previously accumulated surpluses and contributions to reserves and pension funds, the budget shows a surplus of CI$ 4.5 million.[4]

11. The Territory had a negative balance of trade in 1997 of CI$ 356.8 million. Non-fuel imports were worth CI$ 358.6 million and exports were worth CI$ 1.8 million. Customs revenue reached a record level of CI$ 86.4 million.

B. Tourism

12. The tourism sector dominates the Caymanian economy, accounting for about 70 per cent of the gross domestic product and 75 per cent of foreign currency earnings. The Government's Department of Tourism is charged with supporting the local industry and planning its development. The department markets the island overseas through publicity campaigns and the maintenance of offices in several foreign countries. It also undertakes training programmes for the industry, and carries out licensing and regulatory functions.

13. The importance of tourism to the local economy has increased steadily over the past decade. The most recent statistics confirm the upward trend, showing increases in both stayover visitors and cruise ship arrivals. In 1998, stayover visitor arrivals numbered 404,205. This represented an increase of 6 per cent over the 1997 total of 381,192. The total marked the fifth consecutive annual increase and the first time that arrivals had exceeded 400,000. At the same time, cruise ship passenger arrivals totalled 852,527, a decline of 1.6 per cent from the 1997 total of 866,609.[4] The leading market for stayover tourism continued to be the United States of America, with 295,175 visitors in 1998, a gain of 5.9 per cent over the previous year. Total tourist arrivals increased by 76.5 per cent since 1991. During that period, cruise ship arrivals increased by 79.6 per cent and stayover visitors increased by 70 per cent.[5]

14. As a result of a government decision to ban cruise liners from docking on Sundays, Good Friday and Christmas day, 70 fewer cruise ships were expected to call in 1999, leading to an estimated loss of 120,000 passengers and US$ 7.5 million.[6] Early 1999 figures have not borne out these expectations, however. Cruise ship visits in February 1999 were up by 18.9 per cent over the same period in 1998. A total of 96,835 cruise ship visitors landed in February 1999, compared with 81,475 for the same period in 1998. As of April 1999, total cruise ship arrivals were up by 21 per cent compared with the same period in 1998.

15. On the other hand, stayover visits were down 6.1 per cent from 37,333 in February 1998 to 35,072 in February 1999. Leading the decline was a 9.7 per cent reduction in stayover visits from the United States, which represents 78 per cent of all visitors to the Territory.[7]

C. Financial services

16. Most of the Territory's non-tourism related income is generated by the financial sector, which makes up about 15 per cent of the gross domestic product. According to information provided by the administering Power, the Cayman Islands has become the fifth largest financial centre in the world, in large part owing to heavy activity in the banking sector.

17. The financial sector is regulated by the Cayman Islands Monetary Authority. This body, established on 1 January 1997, carries out the responsibilities previously assigned to the Financial Services Supervision Department and the Cayman Islands Currency Board. The Authority is chaired by the Financial Secretary. At 31 December 1997, the Authority's assets totalled CI$ 54.9 million, including

CI$ 29.8 million in certificates of deposit, CI$ 2 million in local fixed deposits and CI$ 17 million in the United States Federal Reserve's Overnight Repurchase Agreement Pool.

18. The Banking, Trust and Investment Services Division of the Authority is responsible for supervising banks, trust companies, mutual funds, fund administrators and company managers. The unified structure of this new division is expected to enhance on-site inspection of licence holders in the medium to long term. Banking, trust and investment activities on the island continued to grow in the year under review. Mutual funds grew by 26 per cent, from 1,335 in 1996 to 1,685 in 1997. A further 200 were registered in 1998, bringing the total to 1,895. Of these funds, the strongest growth in 1997 was in registered funds, which require a minimum subscription of US$ 50,000.

19. The total number of bank and trust licence holders rose from 577 at the end of 1996 to 594 at the end of 1997. Of these, there are now 30 "Category A" banks (banks entitled to transact local business), an increase of only 1 per cent over the previous year. During the period under review, the licence of First Cayman Bank, a "Category A" bank, was revoked by the Executive Council.

20. The Insurance Division is responsible for the supervision of all insurance companies: both those that operate locally and the "exempt" companies that only operate overseas. In the latter category, 31 new licences were granted, bringing the number of captive companies up to 449. By August 1998, there were 463 such companies, with combined assets of US$ 9.6 billion.[8] Most of Cayman's offshore insurance industry (83 per cent of all captives) emanates from the United States. No new licences were granted for companies to operate within the Territory. Currently, as in the previous period of review, 29 insurance companies operate in the Caymans.

21. The number of new company registrations rose by 8,321 in 1997, representing an almost 17 per cent increase over the previous year, and pushing the number of companies on the Company Registry to just over 41,000.

22. As noted in the previous working paper (A/AC.109/2102, para. 23) the Cayman Islands Stock Exchange opened in January 1997. The Exchange is a private limited company wholly owned by the Government of the Cayman Islands. The board of directors is composed of senior private-sector individuals. By the end of 1997, 36 offshore mutual funds had been listed on the Exchange. By July 1998, the number had increased to 107.

23. The importance of offshore finance to the Cayman Islands and other Overseas Territories was addressed by the administering Power in the above-mentioned White Paper, as follows:

> "5.4 The development of sizeable financial sectors brings risks of abuse. There have already been a number of problems. Where these have surfaced, they have been dealt with, and steps taken to strengthen the systems to prevent any recurrence. The process of building suitable defences against abuse is dynamic. As markets develop and techniques for laundering money, fraud, tax evasion and regulatory abuse evolve, so financial regulatory systems must improve, be updated and be responsive to ever tighter international standards.
>
> ...
>
> "5.8 Any participants in the international financial services industry must meet the corresponding international standards of good practice. The globalization of international finance means that the whole system has to be protected. It is in all our interests to ensure that the Overseas Territories are not the subjects of complaints and that they have proper regulatory regimes in place. ..."

24. According to information provided by the administering Power, the Cayman Islands was the first member of the Caribbean Financial Action Task Force. According to press reports, the Cayman Islands was the first Task Force member to open itself to, and pass, an evaluation of its anti-money laundering laws. In March 1999, the Task Force launched a new US$ 7.2 million anti-money laundering programme. The programme, funded by the European Union, the United Kingdom and the United States, will strengthen the institutional capacities of Caribbean countries to fight financial crime by facilitating prevention, investigation, and prosecution.[9] According to press reports, the Government of the Cayman Islands agreed to allow a review of its financial systems by the United Nations Global Programme against Money Laundering. The Cayman Islands is the first offshore financial centre to seek certification under the Global Programme's Offshore Initiative, which was launched in May 1999.[10]

D. Agriculture, livestock and fisheries

25. Agricultural activities, limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five years with 10 large farms totalling over 100 acres now in service. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various

vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs. Responsibility for regulating and developing the agriculture sector rests with the Cayman Islands Department of Agriculture. The Department provides advisory and technical services in crop and livestock husbandry, carries out extension activities, conducts and monitors the practice of veterinary medicine and sells agricultural equipment and supplies. The Department also participates on the board of the Cayman Islands Farmer's Cooperative Society Limited, assisting it with strategic and operational matters.

26. In 1997, the Farmer's Cooperative exceeded its revenue targets by nearly 5 per cent, earning total revenues of US$ 1,676,400, a 30 per cent increase compared with 1996. The majority of this increase was derived from retail operations, which grew by 53 per cent in 1997, to US$ 1,142,068. The wholesale operation remained stagnant, at US$ 527,421.

E. Construction

27. The construction sector continued to boom. In early 1999 approximately CI$ 250 million worth of projects were approved or under construction. In 1998, the Central Planning Authority approved 1,095 applications, an increase of 28.9 per cent over the 849 applications approved the previous year. The estimated value of projects approved in 1998 declined to CI$ 264 million from CI$ 290 million in 1997. Builders say the decline is due to more conservative estimates, rather than actual costs. Approximately 2,800 workers are employed by the industry, a jump of nearly 48.7 per cent compared with five years ago.

28. According to the President of the Society of Cayman Builders and Contractors, as cited in press reports, the small Caymanian-owned construction companies are getting little of the large construction contracts. There is also a fear that development might outstrip the infrastructure of roads, sewers, water and utilities.[11]

F. Shipping registry

29. A key developing industry in the Territory is the registry of ships. According to information provided by the administering Power, 1997 was a year of consolidating the important gains in tonnage registered in 1996, when the registry opened an office in London. Nonetheless, there were 189 new registrations in 1997. The cumulative total of vessels in the register reached 1,047, of which 152 were commercial ships. In particular, yacht registrations increased greatly. There are now 250 yachts over 100 feet long registered in the Territory. The Cayman Islands has as a result become the world's leading offshore registry for these luxury yachts. The registry began to comply in 1997 with the international quality standard ISO 9002 set by the International Standards Organization, and expects to be fully compliant before the end of 1999.

G. Manufacturing

30. There is some light industry, encouraged by incentives legislation that has been in force since 1950. Products include building materials, jewellery, printing, furniture and chemical processing. Approved manufacturing ventures are exempt from import duties.

IV. Social conditions

A. Social security

31. According to the administering Power, the aim and effect of legislation and action by the Government in the social sphere is to create a society in which individual effort is rewarded while a cushion is provided, often with voluntary help, for the less fortunate.

32. To that end, the Department of Social Services provides the majority of social assistance in the Territory. In November 1997, the Department came under the responsibility of the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation. It had previously been the responsibility of the Ministry of Community Development. Throughout 1997, the Department continued to carry out a variety of programmes aimed at alleviating the condition of the less fortunate. The programmes included case work, counselling, child abuse investigations and financial assistance with housing, school lunches, food and burials. Financial assistance was the most requested service.

33. The period under review also saw the transfer of probation services from the courts administration to the Department of Social Services, and with that transfer the establishment of a probation/aftercare unit. Services provided by the unit include: preparation of social background or social inquiry reports for the criminal courts' supervision and monitoring of offenders subject to probation and attendance orders; assisting with legal aid investigations and applications; and assisting the courts in arranging psychiatric assessments and substance misuse assessments.

34. Children's services carried out by the Department include adoptions, foster care and the operation of several children's homes. The Department also implements an Adult Special Needs Programme, which provides care and services to meet the needs of vulnerable elderly, homebound and physically and developmentally disabled persons.

35. Finally, many social concerns are addressed by numerous voluntary and service groups. Many of these are dedicated to specific causes, such as drug prevention and rehabilitation, cancer and the prevention of cruelty to animals. These groups are supported mainly by donations from the Government, the private sector and individuals, and are generally staffed by volunteers.

B. Basic human rights

36. The Territory is subject to several major human rights conventions that were acceded to by the administering Power. These include the International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child and the Second Optional Protocol to the International Covenant on Civil and Political Rights (aiming at the abolition of the death penalty).

37. The administering Power identified, through its above-mentioned White Paper, several human rights issues on which it would like to see reforms, in particular on homosexuality and capital punishment.

38. Regarding homosexuality, the administering Power stated:

> "4.5 We believe that all of the Overseas Territories should enact legislation similar to the United Kingdom Sexual Offences Act 1967, which legalized homosexual acts between consenting adults in private. None of the Caribbean Overseas Territories has brought its legislation into line with the Act, though prosecutions in recent years have been rare. In some of the Caribbean communities there is particularly strong opposition to homosexuality, based upon firmly held religious beliefs."

39. According to press accounts, the territorial Government rejected the idea of reform with the following statement:

> "This Government and the people of the Cayman Islands will oppose local legislation to legalize homosexuality. ... The Government's position on homosexuality is clear. We abide by the views of the vast majority of Caymanians who live in a Christian community and based upon firmly held religious beliefs that homosexuality should not be legalized."[7]

In 1998 the Cayman Islands refused landing rights to a cruise ship, on the grounds that its 900 gay passengers could not be expected to uphold appropriate standards of behaviour.[12]

40. The White Paper also noted that the administering Power expected all Overseas Territories to remove capital punishment for treason and piracy from their statute books. The Government of the Cayman Islands responded: "Capital punishment for treason and piracy is derived from English common law and are not crimes that there have ever been any prosecutions for. Thus, the abolition of the death penalty and substitution of life imprisonment for treason and piracy will have no effect in practice."[7]

41. The Territory, otherwise, has a wide array of laws and in- .tutions to protect certain human rights. These are described below.

C. Maternity protection

42. According to the administering Power, under the Health Services (Fees) Regulations of 1975, contraceptive services are provided free of charge, in addition to free antenatal service, which is already being provided to all residents irrespective of nationality.

43. The Labour Law provides for 12 weeks of mandatory maternity leave in a year, after 12 months of service, of which four weeks will be paid leave. The leave entitlement is on a pro rata basis for workers with less than 12 months of service. The General Orders (which regulate terms and conditions of employment in the civil service) have been amended to provide for 12 weeks of maternity leave to women in the civil service who have completed 12 months of service.

D. Protection of children and young persons

44. The Youth Justice Law of 1995 is considered the main instrument in this area. In addition, other relevant laws are the Adoption of Children Law (Revised); the Education Law of 1993 and the 1971 regulations; the Guardianship and Custody of Children Law (Revised); the Juveniles (Joint

Trials with Adults) Law; and the Legitimation Law (Revised).

45. Measures to protect children and young persons from exploitation are provided by the Juvenile Law. The National Council for Social Services, a voluntary body subsidized by the Government, runs a number of pre-school facilities and gives support in various ways to the children of broken homes. The Youth Justice Law places restrictions on the employment of children. The school-leaving age is 15 years and 9 months.

E. Employment

46. The Department of Human Resources is charged with administering the Labour Law. The Law governs the terms and conditions of employment in the Territory. In carrying out that function the Department, *inter alia*, provides remedies for resolution of unfair dismissal and other labour-related disputes; outlines procedures for employers to discipline employees who are guilty of misconduct; provides for the health, safety and welfare of employees; and facilitates the employment of Caymanians. In 1997, the Department handled approximately 250 complaints.

F. Right to adequate food

47. The administering Power stated that the Government of the Territory had also seen no need to legislate on the right to adequate food, preferring the practical course of extending the already wide range of basic foodstuffs exempt from the import duty tariff, which provides much of its revenue. The list of duty-free imports now includes milk, rice, raw sugar, wheat flour, potatoes, all poultry, salt beef, salt fish, cheese, coffee and cornmeal.

48. According to the administering Power, knowledge of the principles of nutrition is disseminated through social education in schools, by public health nurses in government health centres and through articles in the local press. Educational programmes on nutrition are organized through the hospital nutritionist.

G. Right to adequate clothing

49. According to the administering Power, no laws have been considered necessary to ensure the right to adequate clothing. Distribution of clean used clothing to needy families is undertaken by voluntary bodies such as service clubs. The Department of Social Services provides free school uniforms and other clothing to children in foster care or in children's homes, as well as to other children whose families are financially unable to provide adequate clothing for them.

H. Housing

50. According to the administering Power, no law proclaims a right to housing, but the Housing Development Corporation Law of 1981 provides for the promotion of housing development by extending mortgage loans to residents in the low- to middle-income bracket. In 1997 the Housing Corporation continued to concentrate its efforts on the retirement of its 5 and 7.5 per cent fixed interest bonds. By the end of the year 99 per cent of the bonds had been redeemed. Preliminary discussions were held with the Caribbean Development Bank on the possibility of obtaining a line of credit for a special mortgage programme for lower income Caymanians. The Bank was expected to appraise the programme in 1998.

51. The Government guarantees home mortgages for low- to middle-income housing. Under the Home Mortgage Scheme, local banks provide up to 100 per cent financing on the strength of a 35 per cent government guarantee. Applicants must be Caymanians with incomes lower than US$ 60,000 per year. In 1997, 71 applications were processed, representing a slight decline over previous years, partly owing to a lack of affordable units available.

52. There is a building code, which includes provisions to meet earthquake and hurricane hazards and other public safety concerns. An electrical code and plumbing policies have been established, including licensing and inspectorate provisions.

I. Public health

53. Health care in the Cayman Islands is administered by the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation through the Health Services Department and the Cayman Counselling Centre. A Health Services Board is in place to register private health practitioners.

54. According to information provided by the administering Power, life expectancy at birth is 77 years in the Territory. The major causes of death were diseases of the circulatory system and malignant neoplasms. In 1997 there were 572 live births and one neonatal death.

55. A new hospital was opened by the Health Services Department in George Town in April 1999. The hospital, which cost just under US$ 30 million, was the largest ever undertaken by the Government of the Cayman Islands. The facility includes a state-of-the-art, fully staffed Accident and Emergency Room.[7] Otherwise, there is a 59-bed hospital in George Town and an 18-bed hospital on Cayman Brac, and several district health centres and clinics. In 1997, there were 36 doctors in government service, including 3 based on Cayman Brac. There were, in addition, four dentists in government service. Specialist services are available in surgery, gynaecology and obstetrics, paediatrics, internal medicine, anaesthesiology, public health, orthopaedics, ophthalmology, ear, nose and throat, and periodontology.

56. Hospital admissions in 1997 totalled 3,877, on a par with 1996 figures. Outpatient visits in 1997 totalled 55,970, and ambulance calls numbered 2,155.

57. According to press reports, 26,000 people in the Territory are covered by health insurance. Of those, about 10,000 are covered by the Government itself. As a result, most residents have at least minimal health care coverage.[7] A health insurance law passed in 1997 established a system of compulsory health insurance for all residents.

58. The incidence of communicable disease is generally low. The prevalence of sexually transmitted diseases, however, is a concern of the local Government. According to information provided by the administering Power, at the end of 1997, 18 persons had died from acquired immunodeficiency syndrome, 5 were fighting the disease and 20 were infected.

59. Immunization coverage exceeds World Health Organization targets. Immunization rates were as follows: poliomyelitis, 96.3 per cent; diphtheria/whooping cough/tetanus, 95.3 per cent; haemophilius influenzae B, 96 per cent; and measles/mumps/rubella, 92.5 per cent.

60. In 1997, a national drug council law was passed, establishing the National Drug Council as an independent, non-profit statutory corporation with the mission of coordinating anti-drug efforts in the Territory. The Council was given the authority to develop policies and programmes to directly reduce the supply and demand of drugs. It is responsible for coordinating the implementation of the Cayman Islands National Strategic Plan for Drug Abuse Prevention and Rehabilitation. It is also charged with looking at ways to curb substance abuse through law enforcement, treatment and rehabilitation, education, public information and community support programmes.

61. According to information provided by the administering Power, public health concerns are covered by two separate departments, the Public Health Service, and the Environmental Health Department (which operates under the administration of the Ministry of Agriculture, Environment, Communications and Works).

62. The Public Health Service, which functions under the responsibility of the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation, is responsible for primary health services dispensed at district health centres and through various community health programmes. In addition to the community health nursing staff, the team of public health officers includes three district medical officers, a health promotion officer, a genetics counsellor, a nutritionist and a dietitian. Public health services include:

(a) Health advice and necessary vaccines to international travellers;

(b) Antenatal, post-natal and family planning services (available free of charge to all residents);

(c) Haemoglobin electrophoresis testing for sickle cell disease for all newborns (initiated in 1997);

(d) Health assessments, including vision and hearing tests for children entering school;

(e) Full immunization of children;

(f) Regular nutrition and dietary counselling clinics.

J. Crime and public safety

63. According to information provided by the administering Power, the number of reported offences increased in 1997 to 3,307 from a 1996 rate of 3,097. Of the reported crimes in 1997, 1,229 (37.1 per cent) were for drug offences. The remainder were for offences against public order, property, persons, etc.

64. According to the World Prison Population List, the Cayman Islands has an unusually high prison population rate. The Territory has 575 per 100,000 people incarcerated, while the Russian Federation, the country with the highest proportion of people in prison, has 685 per 100,000. The average incarceration rate for the Caribbean region was 330 per 100,000.[7] In 1997, nearly 38 per cent of total convictions were for drug offences; and approximately 22 per cent were for burglary and/or robbery. The average daily cost of maintaining an inmate was CI$ 54.29, a 4.3 per cent decline from 1996.

V. Educational conditions

65. As a result of the 1983 Education Law, education is compulsory for all resident children between the age of 4 years 9 months and 16 years. The Government is directly responsible for education within this age group, although it encourages and supports pre-school and tertiary education as well. The education sector is overseen by the Ministry of Education, Aviation and Planning. Within the Ministry is an Education Council responsible for promoting education and developing schools within the Education Law. The duties of the Council include providing for public education, determining the conduct of examinations, licensing teachers, and providing funds for students who wish to pursue higher education. The system and curriculum are similar to the British ones, although the Caymanian system has added some flexibility to allow students to successfully enter American colleges as well as British ones. Two public institutions and one private school provide tertiary education. The Community College of the Cayman Islands is government-owned but independently administered. The Cayman Islands Law School is also government-owned, while the College of the Cayman Islands is private.

66. In 1997, the Education Council awarded 33 scholarships to students for overseas study.

67. The Government currently operates seven primary schools, one middle school and one alternative education centre on Grand Cayman, as well as three primary schools and a high school, which incorporates the middle-school level, on Cayman Brac. Tuition is free for Caymanians at those schools. In addition, 10 private schools provide primary and/or secondary education. All private schools are monitored by the Education Department. In 1997, total enrollment was 3,831 in government schools and 1,861 in private schools.

68. According to the administering Power, in 1997, educators reported significant improvement in areas such as parent involvement, discipline, community assistance, resources, training of staff and student performance.

69. Also in 1997, the Government initiated a plan to air-condition all schools. Air-conditioning had been installed in three high schools by the end of the year. Construction began on a two-classroom addition to a primary school on Cayman Brac.

VI. Future political status

A. Position of the administering Power

70. In March 1999, the Government of the United Kingdom presented to Parliament a White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories". The text of the White Paper is set out in the annex to document A/AC.109/1999/1. Key recommendations are noted below:

(a) In future the Territories would be known as the United Kingdom Overseas Territories, in short Overseas Territories;

(b) British citizenship (and so the right of abode) would be offered to those people of the Overseas Territories who did not already enjoy it and who met certain conditions;

(c) Those who did not want to take it up would be able to remain British Dependent Territories citizens;

(d) British Overseas Citizens would not be included in this offer, nor would it apply to people who owed their British Dependent Territories citizenship to links with the British Indian Ocean Territory or the Sovereign Bases on Cyprus;

(e) The offer of citizenship would be on a non-reciprocal basis (as far as the right of abode is concerned). No conditional links have been made between the offer and other obligations set out in the White Paper;

(f) Administrative and representational arrangements would include:

(i) The establishment of parallel Overseas Territories structures in the Foreign and Commonwealth Office and the Department for International Development;

(ii) The appointment of Baroness Symons as Minister with responsibility for the Overseas Territories;

(iii) The creation of an Overseas Territories Consultative Council to bring together British Ministers and the Chief Ministers of the Overseas Territories or their equivalents;

(iv) The designation of a First Secretary in the office of the Permanent Representative of the United Kingdom to the European Union as the point of contact for the Overseas Territories with the European Union;

(g) In terms of good governance, provision would be made for:

(i) Improved regulation of the financial service industries in the Overseas Territories to meet internationally acceptable standards and to combat financial crime and regulatory abuse;

(ii) Measures to promote greater cooperation with international regulators and law enforcers so as to share information and improve worldwide financial regulation;

(iii) Enhanced measures to combat drug trafficking and drug-related crime;

(iv) Reform of local legislation in some Territories to comply with the same standards of human rights as those existing in the United Kingdom with regard to capital punishment, judicial corporal punishment and consensual homosexual acts. If local action is not taken Her Majesty's Government would enforce the necessary changes;

(h) Measures for sustainable development would include:

(i) Partnership between Her Majesty's Government and the Overseas Territories to promote economic growth and self-sufficiency;

(ii) Confirmation that the reasonable assistance needs of the Overseas Territories would be a priority in the development programme;

(iii) Continued budgetary aid for Montserrat and St. Helena;

(iv) Strengthened procedures and guidelines on borrowing by the Overseas Territories;

(v) Enhanced policies, legislation and standards for the protection and management of the rich natural environment of the Territories;

(vi) Increased funds (£1.5 million over three years) to assist in creating and implementing integrated environmental programmes;

(vii) Agreement of an environmental charter between the United Kingdom and the Overseas Territories;

(viii) Technical support, training and cooperative schemes to build local capacity to manage and monitor the environment.

B. Action by the General Assembly

71. On 3 December 1998, the General Assembly adopted, without a vote, resolution 53/67 B, section V of which particularly concerns the Cayman Islands.

Notes

[1] The working paper is based on information provided by the administering Power under Article 73 *e* of the Charter of the United Nations, as well as from published sources.

[2] *Cayman Islands 1997, Annual Report and Official Handbook* (published by the Government of the Cayman Islands), August 1998.

[3] The local currency is the Cayman Islands dollar (CI$ 1.00 = US$ 1.29).

[4] *Caribbean Insight*, March 1999.

[5] *Reuters*, 8 February 1999.

[6] *Caribbean Insight*, March 1999.

[7] *Caymanian Compass*, 1 April 1999.

[8] *Economist Intelligence Unit*, 3 February 1999.

[9] *Oxford Analytica*, 29 March 1999.

[10] *The New York Times*, 25 May 1999.

[11] *Caymanian Compass*, 3 March 1999.

[12] *Reuters*, 1 April 1999.